

Message Text

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ACTION OIC-02

INFO OCT-01 IO-10 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-09

FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07

FRB-01 H-01 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00

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E.O. 11652: N/A

TAGS: GATT AORG

SUBJECT: GATT STAFF COMPLAINTS ON SALARIES AND ALLOWANCES

REF: STATE 278270

1. GATT BUDGET COMMITTEE INFORMAL CONTACT GROUP MET JANUARY 16. US, FRG, FRANCE, CANADA, JAPAN, BRAZIL, SWITZERLAND REMINDED STAFF ASSOCIATION REPS THAT OUR AUTHORITIES STILL BELIEVE ALL SOLUTIONS MUST BE COMPATIBLE WITH UN COMMON SYSTEM. STAFF POINTED OUT COMMON SYSTEM WAS DESIGNED FOR COMPENSATION FOR INFLATION BUT INSTEAD WAS BEING APPLIED TO INADEQUATELY COMPENSATE FOR EXCHANGE-RATE DEPRECIATION. SAID SYSTEM WAS NOT SET UP WITH EXCHANGE INSTABILITY IN MIND AND THUS WAS CAUSING HARDSHIPS FOR GENEVA-BASED PERSONNEL BY TAXING EXCHANGE RATE. (STAFF SAID POST ADJUSTMENT SYSTEM WAS UNRELATED TO BASIC PAY ISSUE AND INDICATED DOLLAR DEPRECIATION HAS ALREADY WIPED OUT 6 PCT PAY RAISE.)

2. STAFF ASSOCIATION PROPOSED THAT TAX-EQUIVALENT

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REDUCTIONS IN POST ADJUSTMENT STEPS BE ELIMINATED,

THAT ALL REMUNERATION BE MADE PENSIONABLE, AND THAT STAFF WITHOUT DEPENDENTS BE TREATED AS STAFF WITH DEPENDENTS. STAFF ALSO REMINDED COMMITTEE OF THEIR EARLIER REQUEST (L/4057) THAT GATT BUDGET SURPLUS "WINDFALL AT EXPENSE OF STAFF" BE REDISTRIBUTED TO STAFF. US AND OTHER REPS SAID THESE STAFF PROPOSALS DID NOT APPEAR CONSISTENT WITH COMMON SYSTEM BUT PROMISED CHECK WITH CAPITALS.

3. US (SPRUCE) DISCOURAGED LONG CONTINUATION OF CONTACT GROUP IF IT SHOULD DEGENERATE INTO HAGGLING SESSION, AS GOVERNMENTS PRESENT HAD NO AUTHORITY TO NEGOTIATE. US SAID, HOWEVER, THAT STAFF ASSOCIATION SHOULD ALWAYS FEEL IT CAN PRESENT GREIVANCES TO BUDGET COMMITTEE AS A WHOLE. IN INFORMAL SESSIONS WITH OTHER GOVERNMENTS AND DURING CONTACT GROUP MEETING, US EMPHASIZED THAT MEETING SHOULD NOT BECOME CONFRONTATION. STAFF ASSOCIATION AND FRG REPS EXCHANGED SOME BARBS, BUT FIRST MEETING ENDED WITHOUT BAD POLEMICS.

4. STAFF AND GATT SECRETARIAT REPS SPENT CONSIDERABLE TIME ON PLIGHT OF GENEVA-BASED PENSIONERS. SECRETARIAT POINTED OUT THAT RECENT UN AGREEMENT TO ALLOW DIFFERENT PENSION BASE FOR DIFFERENT LOCATIONS ONLY FROZE THE SITUATION AND PREVENTED FURTHER DECLINE. GATT AND OTHER P-LEVEL PENSIONERS IN SWITZERLAND ARE DIRECTLY AFFECTED BY DECLINE IN SWISS FRANC/DOLLAR EXCHANGE RATE FROM 4.3 IN 1971 TO 2.55 TODAY. SECRETARIAT EMPHASIZED THAT PAST DETERIORATION OF PENSIONS NEEDS URGENT CORRECTION AND CITED EXAMPLE OF A P.2-LEVEL EMPLOYEE (SWISS) WHOSE DOLLAR-DETERMINED PENSION WILL BE 850 SWISS FRANCS PER MONTH LESS THAN IT WOULD HAVE BEEN IF SHE HAD STAYED AT G.7 SALARY ELEVEN (REPEAT ELEVEN) YEARS AGO. STAFF SAID 44 PER CENT OF SALARY IS NOW IN NON-PENSIONABLE REMUNERATION. PENSIONS IN SWISS FRANCS FOR MANY APPROACHING RETIREMENT WILL NOW BE ONE-THIRD LESS THAN THEY HAD COUNTED UPON; SECRETARIAT (TASSIN) BELIEVES THEIR ABILITY TO MAINTAIN COMPETENT STAFF IS BEING SERIOUSLY AFFECTED AND URGED IMMEDIATE ADJUSTMENT. GOVERNMENTS PROMISED REPORT LIMITED OFFICIAL USE

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CONCERN TO CAPITALS.

5. THERE HAVE BEEN RECURRING RUMORS OF WORK-TO-RULE WORK SLOWDOWN DURING UPCOMING TNC MEETING; AT CONTACT SESSION, STAFF ASSOCIATION REFERRED TO "OTHER MEASURES" IF DISCUSSIONS DID NOT PRODUCE IMPROVEMENTS. US TRIED AVOID PROVOKING STAFF, SUGGESTED THEY NOT VIEW DISCUSSION IN THIS WAY, AND HOPED THEY WOULD PONDER

WHETHER IT WAS REALISTIC TO EXPECT GOVERNMENTS TO COMPENSATE THEIR SALARIES PERFECTLY WHEN SOME NATIONAL CIVIL SERVICES WERE NOT GETTING FULL RAISES FOR INFLATION. US DID NOT DISCUSS PENSION ISSUE.

6. SECRETARIAT (REED) SAID D. G. LONG WISHED ADDRESS CONTACT GROUP URGENTLY UPON HIS RETURN AND NEXT MEETING HAS BEEN SET FOR A.M. OF JANUARY 27.

7. ACTION REQUESTED: WOULD APPRECIATE CONFIRMATION OF OUR VIEW THAT STAFF PROPOSALS IN PARA 3 ARE INCONSISTENT WITH UN COMMON SYSTEM IN TIME FOR JANUARY 27 MEETING. WOULD ALSO APPRECIATE SOME INDICATION OF WASHINGTON VIEWS ON PENSIONERS' SITUATIONS INDICATED PARA 4. ABRAMS

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